

To the Members of the California State Assembly:

I am returning Assembly Bill 97 without my signature.

School district reserve levels have been established to help districts manage budget resources wisely, to avoid fiscal problems and to identify and correct developing fiscal problems early. Relaxing minimum budget reserve standards for school districts experiencing enrollment declines would weaken the state's fiscal accountability standards and could lead to future school districts fiscal insolvencies.

Furthermore, current law already addresses the issue of declining enrollments by funding the district at the greater of prior or current year attendance, so districts have a one year cushion to address budget reserve levels.

Therefore, I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger